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SEC BRIEFING

12 November 1953

IMMEDIATE PROSPECTS IN IRAN

I. The Oil Issue

[REDACTED] an

oil settlement will be very difficult to achieve.

A. [REDACTED]

top officials badly informed, inflexible in thinking and constrained by fear of popular reaction. [REDACTED]

1. Iran had no actual plans to settle the oil dispute or to resume oil operations.

The stand of Prime Minister Zahedi resembles that of Mossadeq's: the British must not return to Iran nor

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hold a majority position in any
company exploiting Iranian oil;
Iran must be allowed to enjoy all
the profits from its oil.

3. Zahedi professes to understand the
difficulties which Iran faces in
the world oil markets, but insists
that Iranian public opinion will
not allow compromise on these
basic points.

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13. Mossadeq's Trial for Treason

A. Any desire on part of Zahedi for a quick compromise on the oil issue is also blocked by Mossadeq's current trial.

1. Opening sessions of trial indicate that Mossadeq will attempt to show that he is being prosecuted for opposition to British and for nationalization of Iran's oil. He will try to use court as a sounding

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board to embarrass government which, under these circumstances, will feel forced to remain firm in opposing return of British influence to Iran.

2. Mossadeq is also attempting to create impression that he is a popular hero persecuted by his enemies. His appeal to mob emotion is typical of Mossadeq's previous action, but it has not yet been effective at the trial. His actions suggest that he plans to force government to make him a martyr.
3. Mossadeq probably will be found guilty of treason but his disposition presents problems. An Iranian civil law protects men over sixty, as well as women, from execution. The present trial is military, but the civil law might provide a

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convenient pretext to avoid
executing Mossadeq. The government
may be looking for such a pretext.
However, if he is exiled or impris-
oned, Mossadeq would be a rallying
point for opposition.

III. In Domestic Matters Zahedi is Largely
Marking Time

- A. He has not been able to form an
effective political machine to support
him.
- B. His lack of accomplishment has encour-
aged opposition elements. Pre-
Mossadeq groups are active as well as
individuals hoping to succeed him if he
is forced out of office.
- C. Anti-Tudeh drive has been effective,
but the party is rebuilding its

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organization, [REDACTED]
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[REDACTED] Only constant attrition by raids and arrests, accompanied by prosecution, will keep Tudeh from again challenging government.

- D. Zahedi has failed to make progress on economic and financial problems. The \$45,000,000 in American aid is contributing to budget, but Iran has not presented a program to utilize the aid any further.
- E. Zahedi's government appears to expect to solve its problems with an oil income, but there is no indication that an oil settlement is imminent.

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BACKGROUND

IRAN'S CURRENT POSITION ON OIL DISPUTE

- I. Will not resume relations with Britain until progress is made toward settling oil dispute.
- II. Favors an international consortium to transport and distribute Iranian oil, but AIOC must not be a majority participant.
- III. Will not permit AIOC to ask compensation for loss of future profits.
- IV. Insists that any agreement must ensure to Iran that its oil income will never "be less than the maximum accruing to others."

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